

CONSERVATION POLICIES FOR THE 2002 FARM BILL:
OBSERVATIONS FROM A CONGRESSIONAL PERSPECTIVE

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Introduction

“The more things change, the more they remain the same.” This saying is a useful way to view the process of developing the next iteration of conservation farm policy. This presentation centers on process, as the conference committee must still make numerous major decisions about conservation provisions because of the many differences between the two bills. Even without discussing specific provisions, however, one can offer many observations about this process and the forces behind it as well as likely contents; some repeat past farm bills experiences, and others are new to the current legislation.

Before discussing what is the same and what is new to the conservation portion of the farm bill process, two observations on one’s perspective may be helpful. First, many people who define conservation more broadly believe that the conservation title does not include all the conservation policies in the farm bill. This is especially true in the Senate version, where many may construe provisions found in the forestry, research, energy, and rural development titles as conservation. People who define conservation narrowly or more traditionally, consider it to be largely limited to the conservation title. At the same time, the current Senate version of the conservation title includes provisions addressing such topics as marketing and organic farming that many may not associate with conservation. How one defines conservation affects one’s view of what this farm bill title might accomplish.

Second, how one views what the House and the Senate have accomplished for conservation depends on expectations for this farm bill. Expectations articulated at the onset of this process by supporters who define conservation broadly include: (1) increasing conservation programs funding; (2) making conservation more central to agriculture policy and natural resource protection (and restoration) policy; (3) clearing the back log of demand to participate in these programs; (4) satisfying international trade obligations; and (5) adjusting existing programs and adding new ones to reflect evolving concerns about managing natural resources. Most of these people probably support the Senate bill, and prefer provisions in either bill over current law.

Individuals who prefer to limit the current farm bill to adjustments in current policies and programs, such as many farm and commodity groups, probably favor the House version. Individuals who sought to take conservation in other new directions with major new initiatives, such as some environmental groups, probably prefer the Senate version. Who will be more satisfied with the outcome can not be determined until the conference committee has completed its work.

¹ The views expressed in this presentation are the author’s alone, and do not reflect any positions or views expressed by the Congressional Research Service.

Some Similarities

Writing the Farm Bill does not Follow the Poli Sci 101 Flow Chart. The process of developing conservation provisions has started the same way for at least the past 4 farm bills, with recommendations from academics and others who think about “what could be” based on intellectually-sound and creative ideas that respond to seemingly obvious needs, only to be discredited by interest groups. A few of these ideas may make it into the start of the political process, and some may be drafted into legislative proposals. Proposals from interest groups that are more directly involved in farm policy tend to enter the process later, and eventually dominate it. Policy makers and staff sift and winnow these proposals, discarding most and refining the remainder.

From this point, the process has seldom followed the legislative flow chart that we all learned in secondary school. Each farm bill has followed different procedural idiosyncracies, and these unanticipated twists and turns in the legislative process have made forecasting results especially difficult. In a more extreme example, President Clinton vetoed reconciliation legislation that included a farm bill with limited conservation provisions in late 1995. Congress felt pressured to act quickly in early 1996. The Senate Agriculture Committee, under the leadership of minority leader Leahy rapidly compiled conservation provisions. Many of these provisions did not go through a hearing process, and no committee report was issued amplifying congressional intent. Some of these provisions had been subjects of lengthy discussions, while others seemed to appear from nowhere. One result was extensive interaction between the Administration and Congress during implementation to clarify intent, especially in the new Environmental Quality Incentives Program. This year’s conservation title from the Senate may be similar, as S. Amendment 2471, the bill that the Senate will vote on at the end of its debate, contains several provisions that have no history of consideration in the legislative process. These provisions were not in the bill reported by the Senate Agriculture Committee (S. 1628), the clean version of that bill submitted to the full Senate (S. 1731), or any free-standing bill considered by the committee.

Its Not Over Until the Conference Committee Finishes. The importance of the conference committee can not be overestimated again this year. It will be the final arbitrator of the many differences in policy and funding. My colleagues are identifying provisions that they believe will disappear or be amended by the conference committee, but these are little more than hunches, even for experts with several farm bills worth of experience. Which members are on that committee will give a strong indication of how differences may be resolved. Membership is usually limited to the senior members of the two agriculture committees, and therefore one can assume that their decisions will generally reflect traditional agricultural interests and policies, as in past farm bills.

The outcome is hard to predict because past conference committees have not always selected either one of the choices from the two bills, or, in the case of funding, split the difference between higher and lower numbers. For example, in the 1996 farm bill, the conservation title went to conference with limited provisions in one subsection of the Senate bill on exemptions from penalties under swampbuster and no compliance provisions. The House bill had no provisions on either subject. It emerged with 12 subsections, several pages long, amending numerous provisions in both swampbuster and conservation compliance. While this degree of change is unusual, large and unanticipated changes can occur in conference, and may contain little that can be traced back to earlier actions in either Chamber.

Influencing the Conservation Debate. Support for conservation comes from interests with many different perspectives. It is fragmented, as it has been in both other farm bills after 1985. Conservation has no equivalent to the American Farm Bureau Federation which claims, with considerable political success, to represent most of commercial agriculture. The groups that are

active in conservation may be somewhat similar in the roles they play in the policy development process to the commodity-specific and industry-specific groups. There were several efforts to pull together broader or more unified conservation coalitions that could carry more political clout, but these failed to hold together, replicating failed attempts during consideration of the 1990 and 1996 farm bills.

Interest groups approach conservation provisions in many ways; most can be placed in one of three broad groupings. One consists of agriculturally-oriented conservation organizations which tend to focus on improving existing programs and traditional approaches to conservation. A second consists of organizations who pursue narrower topical interests and express less interest in the overall conservation agenda. They typically try to enact, then protect and expand small programs that are specific to those interests. Many have succeeded, and it should be no surprise that the resulting conservation effort includes many small programs with limited reach. A third consists of groups who would make more fundamental shifts in conservation policy. Some, but not all, of these groups would like to see conservation policies and programs more compatible with related environmental programs. In addition to these three categories, other groups get involved in conservation to oppose, rather than support, specific proposals.

The lack of a central organization or coalition pursuing a conservation agenda limits the extent of change that can be accomplished in conservation policy. These limits were defined in the legislative history of the Kind Boehlert amendment to H.R. 2646. This amendment would have transferred \$1.9 billion annually from commodity programs to numerous expanded conservation efforts. It had broad-based support, but was rejected on a vote of 226-200 after vigorous debate. Even a few days before the vote, the proponents were sure that they had sufficient support to carry the day. Many consider this to be the most significant farm bill amendment the House considered. Why did it lose? This result suggests that agricultural interests were not willing to see conservation become as large as this amendment would have made it, and were not willing to transfer from commodity programs to conservation programs more than 25% of the total increase in funding for agriculture that the current budget agreement allows over the next 10 years. If enacted, it would have made the total increase in funding above the baseline over the next decade greater for conservation than the commodity programs.

This year, as in the past, the key players vary with the topic. For example, the Grasslands Reserve Program proposal, now found in both bills, has been championed successfully by the Nature Conservancy. Its success may be attributed to the limited focus of the Conservancy effort, or because it may be viewed as an extension of popular policies already found in the Conservation Reserve Program. Others have been less successful, especially when their ideas would require greater changes from current policies. An exception to this is that the long and challenging effort by the many groups who have been trying to translate the “green ticket” concept, which would help producers who practice conservation as a part of their ongoing operation, into a program appears to be near a successful conclusion in the form of the Conservation Security Program. The concept of green payments had been promoted unsuccessfully in at least the last two farm bills. The current proposal started out in a free standing bill drafted by Senator Harkin’s staff in consultation with many interested parties about 2 years ago, and has gone through many iterations.

Authorization is Only the Start. To assess the direction of conservation, one typically reviews new conservation provisions. More also can be learned by looking at proposals that were introduced but rejected, and at provisions that were enacted but never implemented in earlier farm bills. The rejected proposals of greatest interest include ones to more fully integrate conservation programs, to address new issues such as global warming, and to apply conservation at a larger scale such as

watersheds or conservation corridors. History suggests that many of these proposals will reappear in the next farm bill debate.

Each of the recent farm bills contains programs that were enacted but not implemented. Among the programs enacted in the last farm bill that are not now being implemented are the Conservation Farm Option and the National Natural Resources Conservation Foundation. Unimplemented programs are seldom repealed, so they remain authorized. History suggests that some of the programs to be authorized in this farm bill will not be implemented.

Some Differences

One way to measure the magnitude of change in conservation policies and programs is to view them through the eyes of a hypothetical NRCS district conservationist who retired in 1985. If he were to return to his old office, he would probably be very confused, not only because of the new technology but also because of the new responsibilities and work style. In his day (no doubt, the good old days), he would have developed conservation plans to control erosion, working one-on-one with those producers in the county who were interested in incorporating conservation into their operations. He would find that today's district conservationist works on many more topics, administers many more programs, serves many more farmers, and has much less time to work one-on-one with individual landowners. He would probably not care for the notion of compliance or the pressures to accomplish so much more conservation, believe that the old programs already provide many of the benefits that should come from practicing conservation (even if those benefits were not identified as explicit program purposes), and conclude that many of the features that attracted him to become a district conservationist were gone.

His observations, while not necessarily accurate, would capture many of the basic changes in conservation policy that started in 1985. Conservation has grown from a focus on protecting soils and water resources to enhance production prior to 1985, to a list of resource topics that has expanded with each succeeding farm bill. The 1985 farm bill enacted the first large scale, long term land retirement program in about 30 years, agricultural wetlands legislation, and the compliance concept. The 1990 farm bill had numerous water quality provisions and endorsed the use of easements. The 1996 farm bill recognized wildlife and farmland protection as significant components of conservation policy, targeted conservation support to livestock producers, and brought selected conservation programs into the inner sanctum of agriculture policy by making funding mandatory spending. More generally, the focus has expanded from dealing with natural resources on the farm to protect and enhance production to dealing with those resources in ways that much more explicitly provide benefits not only to producers, but also beyond the property line and to the greater society.

This evolution continues with this farm bill. It is hard to be specific about this evolution until the conference committee completes its work. For example, will it choose to retain new programs to add to the conservation arsenal? That seems likely. The Conservation Security Program is championed by Senator Harkin, who will be a member of the conference committee, but even that does not guarantee that it will emerge from conference exactly as it went in. Some proposed programs like the Grasslands Reserve seem very likely to survive, but others, like the Cranberry Reserve and the Water Conservation, seem less likely to survive conference for many reasons. The evolutionary feature most likely to stay in this conservation title is a very significant increase in funding for programs. This increase will not only grow the programs, but will also lead to institutional changes to create a capacity to implement this expanded effort.

Funding for Conservation. How much will conservation funding grow? If one assumes the conference committee will settle on any level between the House and Senate bills, the magnitude of change is great. In the current baseline, CBO estimates that mandatory funding for conservation is \$2.0 billion in FY2002, or 4.2% of total mandatory funding for agriculture. Under H.R. 2646, it will rise to \$3.5 billion, or 6.0% of the total in FY2006 and \$4.5 billion, or 7.3% in FY2011. Under S. Amendment 2471 it will rise to \$5.1 billion or 8.1% in FY2006 and \$4.8 billion, or 8.0% in FY2011 (assuming these policies are extended, unamended through FY2011). Furthermore, the increased portion for conservation is on top of a base of funding that CBO projects to gradually grow from \$2.0 billion in FY2002 to \$2.7 billion in FY2011, an increase of 35%. Also remember that mandatory funding does not include discretionary conservation funding appropriated each year to NRCS, which amounted to about \$1.25 billion in FY2002, as well as much smaller amounts to several other agencies.

One feature of conservation funding that has been raised in this farm bill debate is the current even balance (as measured by dollars) between programs that pay farmers to retire land, such as the Conservation Reserve and Wetland Reserve Programs, and ones that provide technical and financial support to implement conservation on lands in production, such as the Environmental Quality Incentives Program. Prior to 1985, almost all conservation funds were spent on programs for lands in production. Most of the growth of conservation funding from more than \$1.1 billion in FY1985 to more than \$3.3 billion currently has been for land retirement programs. Land retirement program funding grew from less than \$10 million in 1985 to more than \$1.8 billion in FY2002. One policy decision being made through the funding proposals in this farm bill is what portion of conservation funding will go to land retirement programs in the future. A very large increase in funding for the Environmental Quality Incentives Program and enactment of the Conservation Security Program proposal would increase funding for programs serving lands in production, while the higher acreage ceiling for the Wetland Reserve and Conservation Reserve Programs would increase funding for land retirement programs.

International Obligations. International trade obligations have played a role in the conservation debate for the first time this year. The multilateral Uruguay Round Agreement of Agriculture constrains U.S. farm assistance by limiting the cost of domestic farm supports most likely to distort production and trade to \$19.1 billion per year. Conservation programs are viewed as less likely to distort production and trade than some other types of support for production agriculture, and thus may not be counted toward the \$19.1 billion limit. Conservation programs must meet certain stipulations however, about the program objectives, size of payments, and activities of producers who receive assistance. The Administration determines which programs meet these stipulations, and are therefore exempt from this limit. USDA has determined that today's large conservation programs, such as the Conservation Reserve, Wetland Reserve and Environmental Quality Incentives Programs are exempt. These exemptions have attracted more support for conservation programs as a vehicle to assist farmers. Many are assuming that the pending conservation provisions will comply with these obligations, although USDA will still have to make an official determination.

Monitoring, Evaluation, and Coordination. As conservation programs have proliferated, interest has grown in allocating more effort to monitor and evaluate accomplishments (and problems). Recent farm bills have not responded to this interest. Substantial increases in conservation funding may well be accompanied by increased demand for accountability. It seems reasonable for the public to expect a larger, more visible, and more transparent monitoring and evaluation effort. Vague answers to questions about accomplishments, such as "resources are better than they were, but we don't know by how much" will probably become less acceptable. For example, to accurately measure conservation accomplishments at any point in time, the monitoring effort will probably

need to be able to measure conservation practices that are modified or removed, as well as ones that are installed.

Calls to evaluate the conservation effort reaches back at least to Soil and Water Resources Conservation Act of 1977. This effort, which calls for a periodic national conservation plan, appears to have atrophied. Several provisions would provide more resources and direction to these efforts, and resuscitate periodic preparation of a national conservation plan. If these efforts require resources of staff and money that may otherwise have been dedicated to farmer clients, it is sure to raise concerns.

The proliferation of programs has raised coordination questions, especially for producers who try to decide whether to participate and which programs to participate in. Provisions in the Senate bill also call for a review of programs to identify coordination opportunities. Coordination could take many forms, but seems centered on how USDA administered the array of conservation programs. From the landowner perspective, it could provide opportunities to coordinate the application of conservation on the ground.

The Administration's Role. The Administration has played a less visible role in this farm bill than in recent ones. Visible involvement, beyond general statements, has consisted of three actions. In September, USDA published a report offering principles for the next iteration of farm policy, including seven for conservation. The House had almost completed action on H.R. 2646 by this time. The Office of Management and Budget provided more detailed Statements of Administration Policy to each Chamber when it began to consider its version of the farm bill. The October 3 statement on H.R. 2646 criticized four broad directions of the farm bill, but did not comment specifically on conservation proposals. The December 4 statement on S. 1731 supported more funding for conservation and endorsed the conservation provisions in the Cochran-Roberts amendment. However, this Senate rejected that amendment.

Administrations have approached the farm bill differently. New administrations, such as this, are usually less visible as they focus on getting their policy team in place and setting their priorities. Also, it appeared to take this Administration some time to determine where farm policy fit in relation to more central goals such as tax relief and education reform. In some farm bills, the administration has offered specific legislative language and clearly stated where it believes the basic boundaries of policy options should lie. When administrations have become more directly engaged, they have often has a greater effect on the outcome.

Concluding Thoughts

Conservation policy will continue to change with this farm bill, with more funding and new programs. More funding should translate into a larger effort on the ground and additional accomplishments. The larger effort is likely to be accompanied by greater pressure to be able to document conservation accomplishments. Some questions will be raised about whether these programs are concentrated on lands and addressing resource problems where the needs are most pressing. Other questions will be raised about whether all producers should have equal access to all programs and services. The Senate debate over the payment limit was based, in part, on whether operators of larger farms, who are presumably wealthier, should have less access to certain programs. Congress addressed this question when it removed limitations on access to Environmental Quality Incentives Program funds for large livestock producers. Perhaps this set of questions will become less important as more money is provided to conservation.

It appears that the past trend of program proliferation will continue. This provides more opportunities, but may continue to disperse the conservation effort. Also, as some programs grow much larger, the remaining smaller programs will be relegated closer to the edge of the conservation effort. These changes seem to call for further program integration to mix the programs in ways that meet the most pressing conservation needs and minimize producer confusion.

What can be said about the evolution of conservation? The process followed in writing conservation legislation has changed little in recent farm bills, and has generally served conservation very well. By contrast, the enacted policies and programs have changed significantly in each farm bill over the past 15 years, and this farm bill will continue this pattern of significant change. It includes new and expanded opportunities (greatly increased funding, a more central role in farm policy, expanded use of mandatory funding, and probably several new programs). However, topics that conservation programs respond to continue to change as well. Some of these topics attracted interest early were not addressed, and will have to wait for future legislation. These include; responding to greenhouse gases and global warming, larger conservation efforts for the non-crop sectors of agriculture, and addressing some issues on a larger scale, such as watersheds.